

REMARKS/ARGUMENTS

Upon entry of this amendment, claims 1-3, 5-16, 18-25, 30 and 31 will be pending in this application and presented for examination. Claims 1 and 14 were amended. Support for the amended claims can be found in the specification. No new matter has been added.

Reconsideration is respectfully requested.

Claims

Claims 1, 3, 5-7, 9-11, 14, 16, 20-21, 25 and 30-31 stand rejected under 35 U.S.C. § 103(a) as allegedly being anticipated by Woolston in view of Walker. Additionally, claims 2, 12, 13, 15, and 24 stand rejected under 35 U.S.C. § 103(a) as allegedly being obvious over Woolston in view of Walker, and further in view of admitted prior art. Moreover, claims 8, 11, 19, and 22 stand rejected under 35 U.S.C. § 103(a) as allegedly being obvious over Woolston in view of Walker, and further in view of Fisher. In addition, claims 12 and 23 stand rejected under 35 U.S.C. § 103(a) as allegedly being obvious over Woolston in view of Walker, and further in view of Shemesh. Finally, claim 18 stands rejected under 35 U.S.C. § 103(a) as allegedly being obvious over Woolston in view of Walker, and further in view of *Microsoft Computer Dictionary*. Applicants respectfully traverse all of the Examiner's rejections.

A. Claims 1

In rejecting claim 1, the Examiner cited that Woolston teaches an assurance module.

Woolston, alone or in combination with Walker, fails to disclose all limitations of claim 1. More particularly, claim 1 recites "an assurance module coupled to said preregistration module for conducting a presale inspection of said merchandise item and to generate a merchandise inspection report." (emphasis added).

For example, the presale inspection occurs, as the term "presale" suggests, before the auction system even puts a merchandise item on sale. In claim 1, the assurance module in claim 1 provides a guarantee with respect to the accuracy of the merchandise inspection report. By way of an example, when a merchandise item is listed for sale, the inspection of that merchandise item would have already been performed by an impartial third party and bidders

would be able to rely on the information from the inspection report and be able to bid accordingly. In an auction system, it would often be advantageous and efficient for bidders to have more information from the inspection report when bidding for a merchandise item.

In contrast, the assurance that Woolston discloses appears to relate to the trustworthiness of the transaction and the absence of fraud. The relevant part of Woolston as cited by the Examiner discloses the following:

These procedures may be used to give assurances and create trust to participants, who for example would like to buy an art deco collectable from a collectable shop in Russia but is very reluctant to send credit card information to an unknown Russian collectable shop for the obvious concerns of credit card fraud and/or fraud in the bona fides of the collectable good itself.
(Woolston, column 18, lines 46-52).

More specifically, the procedures mentioned in Woolston are explained as the following:

It is understood that through the procedures of generating a unique code for each posted good, checking a unique code that identifies each posting terminal 700 against the legal owner entry in a posted good on the market maker computer 800 the database of for-sale goods 814 will be extremely reliable and accurate and assure that a locally sold goods that have already been sold on the market maker computer 800 will not be inadvertently sold twice.
(Woolston, column 18, lines 19-27).

Here, however, the franchising authority polices the franchisees to revoke the franchise if a fraud and/or misrepresentations of the bona fides of a collectable good is taking place by the posting terminal user and the assurance that credit card numbers are only revealed to the market maker computer 800 and not accessible to the, in this example, the Russian collectable store.
(Woolston, column 18, lines 52-58).

Therefore, Woolston does not teach presale inspection. Claim 1 should be allowable for at least the above reasons.

Additionally, the Examiner conceded (on Page 5 of the Office Action mailed on 24 May 2005) that Woolston fails to teach that the inspection report includes a warranty. However, the

Examiner asserted that it would be obvious to a person of ordinary skill in the art to modify the inspection report of Woolston to include a warranty as taught by Walker.

Walker fails to disclose the warranty as disclosed by claim 1. For example, a warranty is included to the inspection report, which is available to buyers before there is any transactions. The presale inspection warranty ensures the accuracy of the inspection report. A potential bidder or buyer, seeing the warranty attached to the inspection report, would know that the merchandise inspection report should accurately describe the merchandise item in an "as is, where is" condition. The warranty therefore provides quality control to the auction process and promotes an efficient auction market.

In contrast, Walker discloses a warranty that is available after there have already been an offer and an acceptance between the buyer and the seller. More specifically, Walker discloses the following:

According to one aspect of the invention, once a CPO is accepted by a seller, but before completing the transaction, the goods are preferably forwarded to a dealer/authenticator for evaluation. The dealer/authenticator can be part of the collectible CPO management system or another third party having knowledge of the subject goods. The dealer/authenticator preferably validates, authenticates and optionally guarantees the goods, while also serving as the distribution point for the collectibles sold by the collectible CPO management system. As used herein, validation establishes that the item actually exists. Authentication proves that the item is in the condition stated by the accepting seller. The, guarantee, if desired, insures that the buyer has not purchased a counterfeit item or an item of unacceptable quality.
(Walker, column 3, lines 40-52).

The Examiner appears to acknowledge (on Page 6 of the Office Action mailed on 24 May 2005) that the timing of Walker's warranty is different from the timing of warranty as disclosed in claim 1. The Examiner asserted that timing in Walker is irrelevant, since Woolston teaches correct timing. As discussed above, Woolston does not teach correct timing, because Woolston's inspection report is not a presale inspection report.

Additionally, Walker teaches against having an inspection report and a warranty associated thereof before a sale. The timing of the inspection report and its warranty is often an

important aspect in an auction system. In Walker, the per item transaction cost may arguably be lower than the auction system of the present invention, as an inspection is only conducted where there have already been an offer and an acceptance between the buyer and the seller. Walker's system would not incur costs associated with inspection for every merchandise item that is being auctioned.

In contrast, according to an embodiment of the present invention claim 1 can make quality control and inspection information available to bidders before bidders place their bids. For example, even if a bidder knows that the finalization of transaction is conditioned upon the final validation or inspection by an impartial third party, the bidder is faced with wasting time bidding on merchandise items with potentially unacceptable quality, and that deters bidders from placing their bids. In an embodiment of present invention, bidders, knowing that an impartial third party has already inspected the merchandising item, would have been more willing to place bids.

Finally, the Applicant would like to point out that claim 1 now contains additional limitation that the "auction system removes said merchandise item from said auction system if a seller of said merchandise item does not agree with said merchandise inspection report generated by said assurance module." Neither Woolston nor Walker discloses this limitation.

Accordingly, claim 1 is asserted to be allowed for at least the above reasons.

B. Remaining Claims

In light of the above, it is asserted that claims 2-3, 5-16, 18-25, 30 and 31 are allowable for substantially the same reason as claim 1, and more particularly for the specific features they recite.

CONCLUSION

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested.

Appl. No. 09/832,513
Amdt. dated October 25, 2005
Reply to Office Action of May 31, 2005

PATENT

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 650-326-2400.

Respectfully submitted,



Daniel Mao
Reg. No. 51,995

TOWNSEND and TOWNSEND and CREW LLP
Two Embarcadero Center, Eighth Floor
San Francisco, California 94111-3834
Tel: 650-326-2400
Fax: 415-576-0300

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